

City of Seattle Voluntary Deferred Compensation Plan Regular Trust Committee Meeting Minutes

Wednesday, March 29, 2017 10:00 am – 12:00 pm
Seattle Municipal Tower, Room 4080

TRUSTEES present: Teri Allen, Bill Alves, Susan Coskey, Scott Fuquay, Jeff Davis, Glenn Lee, and Brian Smith

STAFF present: Renee Freiboth, SDHR; Michelle Ell, SDHR; Jeff Slayton, CAO

CONSULTANTS present: Jake O'Shaughnessy & Stuart Payment, SageView Advisory Group; Michael Monaco & Gavin Parr, Mondress, Monaco, Parr, Lockwood

GUESTS present: Kent Morris, Kristopher Morton, and Audee Nusaath from Nationwide; Chad Kasper, Financial Engines

BUSINESS

Opening: Teri Allen, the Committee Chair, started the meeting at 10:05 am.

Introductions: All attendees introduced themselves.

Public Comment: There were no public comments.

Minutes of March 3, 2017 Regular Meeting: Teri asked for a review of these meeting minutes, which included a Trust Committee memo edit requested by Bill Alves. As there was no objection, the meeting minutes were deemed accepted as written.

Legal Counsel Introductions:

Mike Monaco introduced his firm of 7 attorneys who practice employee benefits law (DB, DC, Health and Welfare) for governmental, union, and corporate organizations. Mike will be the Plan's lead attorney, but Gavin Parr will be fully versed on plan issues and able to step in as needs arise.

Blackout Discussion:

Jake described the current blackout period as being reasonable and consistent with similar plans as shown on the Blackout Days handout. Other plans have been able to shorten the period when custody and recordkeeping services were unbundled. However, since custody and recordkeeping are bundled in this arrangement, the full blackout period will apply between Prudential and Nationwide. Michelle noted that the blackout period will be communicated multiple times to participants. Susan Coskey mentioned that even with Plan Staff's best efforts in communicating the blackout, there will always be participants who will say they never received the notice. There was no additional comment, so blackout issues are deemed resolved.

Implementation Timeline:

Staff shared important deadlines with the Committee. Scott Fuquay questioned the readiness of Payroll. Michelle responded that we have coordinated efforts with Payroll and HRIS. Testing is running smoothly and both will be ready for the transition.

Participant Outreach and Communications:

Staff shared the fee transparency memo and GoalMaker communication piece. The Committee recommended changes to the fee transparency memo. Teri and Susan will finalize edits on the memo on behalf of the entire Committee. William Alves noted that the GoalMaker document does not fully describe the Vanguard Target Date fund family for participants. Jake O'Shaughnessy will provide language describing the Vanguard Target Date Fund family to be added to the GoalMaker document. Staff will also add an edit reflecting that GoalMaker is a proprietary Prudential product.

Nationwide Participant Security Measures:

Mike Monaco mentioned that Nationwide would protect the plan from losses due to their own error. He will work with Nationwide to create more specific language to cover fraud and security situations that aren't directly caused by either Nationwide or a participant. Teri Allen and Susan Coskey will finalize the proposed Nationwide fraud and security guarantees on behalf of the committee.

Investment Policy Statement:

Jake stated that the Investment Policy Statement serves as a guide for committee members and trustees. The Committee had several questions related to how the IPS could provide guidance around socially responsible fund questions: how to respond to employee requests to add a socially responsible fund; what other plans are doing as it relates to their obligation as a fiduciary; how to decide whether the Plan should offer a fossil fuel free option; what provides guidance for a fiduciary as it relates to socially responsible funds; what it means if co-fiduciaries and/or fiduciaries have conflicting opinions. SageView and Mike Monaco will work together to answer the outstanding questions from the Committee before the Investment Policy Statement can be accepted.

SageView Advisory:

Jake mentioned plan assets were above \$1.0 billion as of the quarter ending 12/31/2016. Overall fund performance was good. Vanguard Target Date fund holdings will likely grow once participants are mapped over from the Prudential GoalMaker solution upon conversion to Nationwide. It was noted that Calvert Equity I is performing slightly below median over the 1-, 5-, and 7-year time periods relative to the large cap growth peer group. Other funds to monitor in the future are Artisan Small Cap Institutional and Principal Diversified Real Asset Institutional.

Committee Membership:

Michelle mentioned that Teri Allen's Chairperson term was up in January 2016 and the committee should formally elect a chair for the current term.

MOTION: Scott Fuquay moved that Teri Allen continue in her appointment as Committee Chair for the current 2-year term, through January 2018. Jeff Davis seconded the motion. Everyone approved the motion except for Teri Allen, who abstained from the vote.

Plan staff sought guidance on how the Committee would like to proceed with the Member-at-Large term. The committee decided to review the term in September 2017.

Adjournment: Teri Allen moved to adjourn the meeting at 12:30. Scott Fuquay seconded the motion. The meeting was adjourned without objection.

Next Meeting: The next regular meeting is scheduled for Wednesday, May 31, 2017 at 10:00am in the Seattle Municipal Tower, Conference Room 4080.